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MEDICAID IN MOTION

Navigating Post-Election Policy Changes and Opportunities

2025

Agenda

- Introductions and opening thoughts
- Budget reconciliation outlook
- Which Medicaid policies could be included
- Administration and agency actions
- Considerations for stakeholders
- Q&A

TODAY'S EXPERTS

Beth Kidder

Managing Principal

HMA

25+ year state Medicaid veteran

Former Florida Medicaid Director

Former National Association of Medicaid Directors Board President

Caprice Knapp, PhD

Managing Director

HMA

Former North Dakota Medicaid Director

Former member of the Congressional Budget Office's Health Panel of Advisors

Former Fellow in the U.S. House of Representatives

Former National Association of Medicaid Directors Board member

Josh Trent

Chief Executive Officer

Leavitt Partners, an HMA Company

Former Chief Health Counsel, House Energy and Commerce Committee

Former Health Policy Advisor, U.S. Senator

Former HHS & White House Staff Under President George W. Bush

Liz Wroe

Principal

Leavitt Partners, an HMA Company

Former Chief Counsel, Senate HELP Committee , Chairman Lamar Alexander (R-TN)

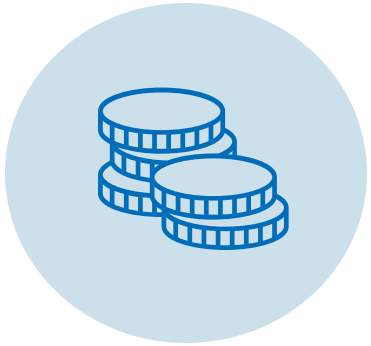
Former Health Policy Director, Senate Budget Committee, Chairman Judd Gregg (R-NH)

BUDGET RECONCILIATION IN 2025

Budget Reconciliation allows for the passage of legislation with only a **simple majority** in the Senate but is a complex process fraught with **procedural and political** peril.

Congress has two bites at the reconciliation apple if they pass both **a FY 2025 budget resolution** and a **FY 2026 budget resolution** this year.

Budget reconciliation bills need to be offset. The bigger the deficit increase of proposed tax and spending changes; **the more likely healthcare changes will be needed as offsets.**



Healthcare stakeholders need a basic understanding of the budget reconciliation process **to navigate the 2025 federal healthcare agenda**.

CURRENT STATUS OF RECONCILIATION

Senate Budget Resolution:

Passed Senate 2/21

Strategy: Two-bills

1. **Defense, border security, energy**
2. **Tax cuts and healthcare**

Deadline for Committees: March 7TH

Instructions for first bill:

- HELP and Finance Committee to each **reduce** spending by no less than **$1 billion** over FYs 2025 to 2034
- Does not address the debt ceiling
- **Healthcare impact:** Finance Committee will target the Biden Administration nursing home staffing requirement to meet instructions.

House Budget Resolution:

Passed House 2/25

Strategy: "One big, beautiful bill" Includes defense, border, energy, and tax cuts and healthcare.

Deadline for Committees: March 27th

Instructions:

- Energy and Commerce Committee to **reduce** spending by no less **than $880 billion** over FYs 2025 to 2034
- Ways and Means Committee to **increase** the statutory debt limit by $4 trillion.
- **Healthcare impact:** Policy changes in Medicaid are necessary to meet instructions.

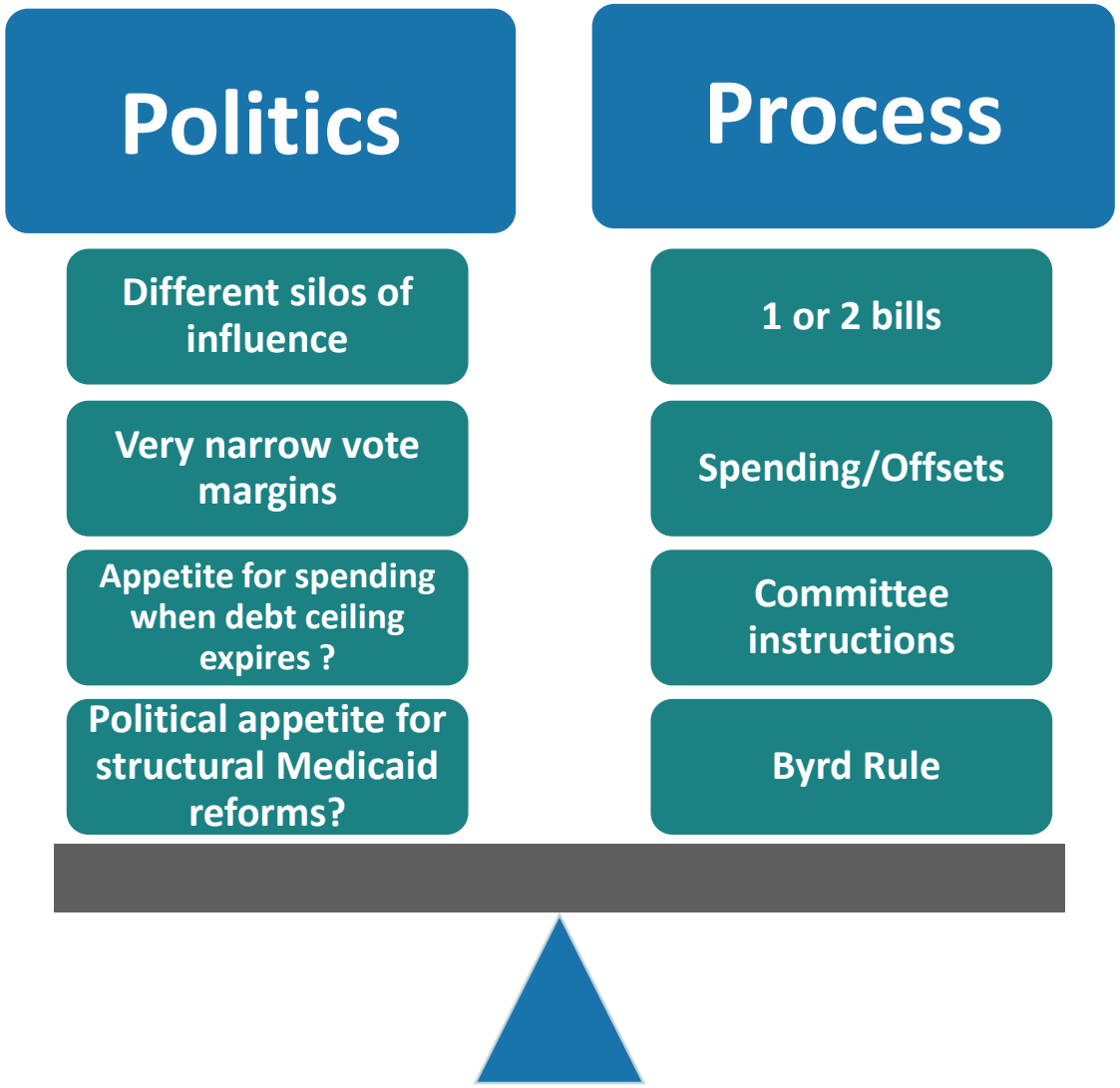
HESITANT MEMBERS IN THE HOUSE: THE GOLDILOCKS PROBLEM

"I want to get this done, but **$880 billion out of E&C — it sounds like that would be deep cuts to Medicaid.** And so I've asked the question, how can you cut $880 billion without significantly cutting Medicaid? And I want the leadership to show me, or in this case the chairman."
- Rep. Don Bacon (R-NE)

"**If the Republican budget passes, the deficit gets worse, not better.**
- Rep. Thomas Massie, (R-KY)

"**In 2019, federal spending was $4.5 trillion, today spending is $7 trillion.** The budget proposal cuts about $150 to $200 billion. That is about 2%. I'm afraid the lack of serious cuts will eat up all the savings by @DOGE and @elonmusk. **We have a spending problem.**"
- Rep. Tim Burchett, (R-TN)

NEXT STEPS: GOP MUST BALANCE KEY CONSIDERATIONS IN FINAL BUDGET



BUDGET RECONCILIATION: POTENTIAL MEDICAID POLICIES

Policies That Reduce Medicaid Outlays	Impact
Eliminate ARPA 5% FMAP Bump for New Expansion	$10-20 B
Allow States the Option to Impose Work Requirements	$30 - 130 B
Limit Provider Taxes to 5% of Provider Revenue (Current Law=6%)	$55 B
Repeal Biden Administration Medicaid Regs	$75 B
Reverse Executive Action Expanding State-Directed Payments	$140 B
Reduce FMAP Floor to 45%	$350 B
Reduce match on Expansion Population from 90% to normal FMAP	$650 B
Per Capita Caps (on the entire program or Expansion only)	$$$

Note: All policies are dialable. This chart conveys order of magnitude. Estimates based on analysis from the Congressional Budget Office & CFRB.

EXECUTIVE ORDERS IMPACTING MEDICAID PROGRAM POLICY

E.O. removing federal focus on “diversity, equity, and inclusion” initiatives

E.O.s establishing Department of Government Efficiency (DOGE) and remaking the federal workforce

Multiple E.O.s affecting immigration policy

E.O. establishing *Make America Healthy Again* Commission with Children’s Health Assessment

CURRENT HHS LEADERSHIP

*Pending Senate Confirmation

Robert F. Kennedy Jr.
HHS Secretary

Jim O'Neill*
Deputy HHS Secretary

HHS Leaders yet to be announced

- ASPE
- ASPR
- AHRQ
- ACF
- SAMHSA
- IHS
- ACL

HRSA

Thomas J. Engels
Administrator

FDA

Dr. Martin Makary*
Commissioner

CDC

Dr. David Weldon*
Director

NIH

Dr. Jay Bhattacharya*
Director

CMS

Dr. Mehmet Oz*
Administrator

PRESIDENT ISSUES EXECUTIVE ORDER ALIGNED WITH MAKE AMERICA HEALTHY AGAIN (MAHA) CONCEPTS

https://www.whitehouse.gov/presidential-actions/2025/02/establishing-the-presidents-make-america-healthy-again-commission/

"It shall be the policy of the Federal Government to aggressively combat the critical health challenges facing our citizens, including the rising rates of mental health disorders, obesity, diabetes, and other chronic diseases. To do so, executive departments and agencies (agencies) that address health or healthcare must focus on reversing chronic disease."

Executive Order Establishing the Make America Healthy Again Commission, Feb. 13

EXECUTIVE ORDER ON MAHA & MEDICAID IMPACTS

Feb. 13: President Signs MAHA Executive Order

- Ensure availability of expanded treatment options
- Allow health insurance coverage to support beneficial lifestyle changes and disease prevention

Establishes Make America Healthy Again Commission

- Initial focus on addressing childhood chronic disease crisis
- Directed to assess threat of potential over-utilization of medication, exposures to children with respect to chronic inflammation, etc.

Make Our Children Healthy Again Assessment: Due in 100 Days

- Evaluate effectiveness of existing educational programs for nutrition, physical activity, and mental health for children
- Evaluate existing Federal programs and funding intended to prevent and treat childhood health issues

Make Our Children Healthy Again Strategy: Due in 180 Days

- Address appropriately restructuring the Federal Government's response to the childhood chronic disease crisis
- Include "ending Federal practices that exacerbate the health crisis or unsuccessfully attempt to address it" and add new solutions that will end childhood chronic disease

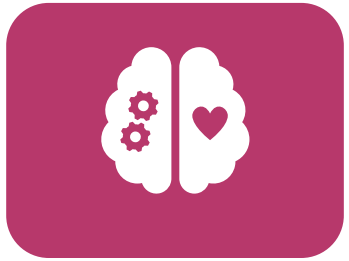
ADMINISTRATION ACTIONS: WHAT TO EXPECT

Oversight

- State directed payments
- Provider taxes
- Improper payments

Revisiting regulations and guidance

- Eligibility/ enrollment
- Managed care
- Nursing home staffing requirements
- Mental health and addiction parity guidance
- Reporting requirements



Section 1115 Demonstration Initiatives

- Justice involved initiatives
- Health-related social needs
- Allow work requirements
- New opportunities

Other potential areas of activity

- Value-based payment
- Rural health
- Behavioral health
- Chronic disease, children's health

WHAT'S NEXT FOR MEDICAID 1115 DEMONSTRATION PROGRAMS

Approved

- Approved demonstrations not aligned with new Executive Orders and policy direction
- Renewals and amendments will be reviewed carefully

Pending

- Proposals that were not approved under Biden Administration
- Concepts needing modification to meet new Administration's priorities

Future

- Possibly aligned with Executive Order or policies included in reconciliation
- Areas of special interest by HHS such as chronic disease

WHAT ORGANIZATIONS CAN DO NOW

Conduct a SWOT analysis for the administrative and regulatory scenarios and options

- Review available data relevant to assessing the implications
- Identify areas of risks and readiness
- Conduct financial impact analysis

Identify allies and alliances around your policy goals

- Develop federal strategies and partnerships critical to shaping federal policy
- Develop state level strategies to adapt to risks and opportunities flowing from federal changes

Establish ongoing mechanisms and support to monitor federal developments and adjust strategies as needed

Question and Answer Session

QUESTIONS?

Additional HMA Webinars On Demand:

Legislative Reconciliation in a New Era: Understanding Its Role and Impact in the 119th Congress

Electoral Consequences: Impact on the ACA Marketplace

The Future of Medicare Advantage: How the Election Results Impact the Program

HMA'S POLICY EXPERTS WORK FOR YOU

MEETING THE MOMENT WITH DEEP EXECUTIVE AND LEGISLATIVE POLICY EXPERIENCE

HMA helps our clients successfully engage with and respond to federal and state health policy efforts that shape health and healthcare for all Americans.

HMA serves health care and human services organizations who need to understand the policy, political, stakeholder, and other dynamics impacting health and health care.

Our HMA team includes former government leaders and policy experts, including Leavitt Partners, providing clients with unparalleled expertise across policy areas.

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